

**CONTRACT #4**  
**RFS # 337.10-023**

**Department of Labor and  
Workforce Development**

**VENDOR:**  
**University of Tennessee,**  
**Center for Business and**  
**Economic Research**



**STATE OF TENNESSEE  
DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT**

**PHIL BREDESEN**  
GOVERNOR

**Andrew Johnson Tower**  
710 James Robertson Pkwy, 8th FLOOR  
Nashville, TN 37243-0655  
(615) 741-2582

**JAMES G. NEELEY**  
COMMISSIONER

May 11, 2005

**RECEIVED**

**MAY 17 2005**

**FISCAL REVIEW**

M. D. Goetz, Jr., Commissioner  
Department of Finance and Administration  
State Capitol  
Nashville, TN 37243

REF: 337.10-023 Non Competitive Grant Amendment 2 to ED-04-01177-00

Dear Mr. Goetz:

Outlined below is our justification for a Non Competitive Contract amendment to the Grant with The University of Tennessee, Knoxville


The Grant Contract started on July 1, 2003 and is scheduled to end on June 30, 2005. The amendment to the grant contract is for one year additional funding and extending the grant contract end date to June 30, 2006.

This project is required by state law (Tennessee code Annotated Section 50-7-506), which states that the Division of Employment "shall annually develop and submit to the general assembly an unemployment trust fund balance report not later than February 1."

The University of Tennessee has been doing the research and evaluation of the Tennessee Employment Security Insurance Model since its inception some 20 years ago and it would not be in the best interest of the State to change contractors at this time.

Based on the above facts, I am requesting your approval of this non-competitive amendment to the grant contract.

Sincerely,

  
James G. Neeley, Commissioner

JGN: HS: mho

# REQUEST: NON-COMPETITIVE AMENDMENT

APPROVED

Commissioner of Finance & Administration

Date:

Each of the request items below indicates specific information that must be individually detailed or addressed as required. A REQUEST CAN NOT BE CONSIDERED IF INFORMATION PROVIDED IS INCOMPLETE, NON-RESPONSIVE, OR DOES NOT CLEARLY ADDRESS EACH OF THE REQUIREMENTS INDIVIDUALLY AS REQUIRED.

RFS #

337.10-023

STATE AGENCY NAME :

Labor and Workforce Development

SERVICE CAPTION :

Research and Services necessary for the evaluation and maintenance of the Tennessee Employment Security Insurance Model (TESIM).

CONTRACT #

ED-04-01177-00

PROPOSED AMENDMENT #

2

CONTRACTOR :

The University of Tennessee-Knoxville

CONTRACT START DATE :

June 30, 2003

CURRENT, LATEST POSSIBLE END DATE :  
(including ALL options to extend)

June 30, 2006

CURRENT MAXIMUM LIABILITY :

165,263.00

LATEST POSSIBLE END DATE WITH PROPOSED AMENDMENT :  
(including ALL options to extend)

June 30, 2006

TOTAL MAXIMUM COST WITH PROPOSED AMENDMENT :  
(including ALL options to extend)

250,993.00

APPROVAL CRITERIA :  
(select one)



use of Non-Competitive Negotiation is in the best interest of the state



only one uniquely qualified service provider able to provide the service

ADDITIONAL REQUIRED REQUEST DETAILS BELOW (address each item immediately following the requirement text)

(1) description of the proposed additional service and amendment effects :

This amendment is to extend the current service by one year. No new services are requested.

(2) explanation of need for the proposed amendment :

This amendment is to exercise option year three of the contract.

(3) name and address of the proposed contractor's principal owner(s) :  
(not required if proposed contractor is a state education institution)

N/A

(4) documentation of OIR endorsement of the Non-Competitive procurement request :  
(required only if the subject service involves information technology)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

(5) documentation of Department of Personnel endorsement of the Non-Competitive procurement request :  
(required only if the subject service involves training for state employees)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

(6) description of procuring agency efforts to identify reasonable, competitive, procurement alternatives rather than to use non-competitive negotiation :

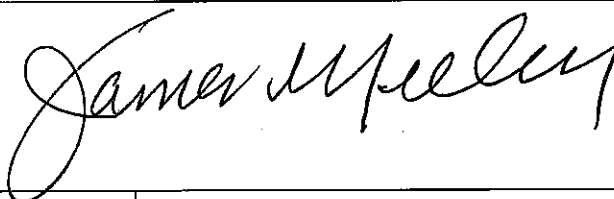
None, Grant with a State Higher Education institution.

(7) justification of why the F&A Commissioner should approve a Non-Competitive Amendment :

The University of Tennessee has been doing the research and evaluation of the Insurance Model since its inception some 20 years ago and it would not be in the best interest of the State to change contractors at this time.

**AGENCY HEAD REQUEST SIGNATURE:**

(must be signed by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR — signature by an authorized signatory will be accepted only in documented exigent circumstances)



SIGNATURE DATE:

5-11-05

## **Justification for Contract with U.T. Knoxville**

The Center for Business and Economic Research (CBER) at the University of Tennessee, Knoxville has been directly involved with designing, implementing, and refining the quarterly projections for the trust fund balance since its inception over nineteen years ago. This projection is required by state law (Tennessee Code Annotated Section 50-7-506), which states that the Division of Employment Security "shall annually develop and submit to the general assembly an unemployment trust fund balance report not later than February 1. The report shall also include the projected unemployment trust fund balances for the eighteen-month period beginning January 1, and shall be prepared and documented in accordance with sound statistical methodology."

CBER developed the Tennessee Employment Security Insurance Model (TESIM) jointly with this department to help meet this legal requirement and to provide information to help manage the Unemployment Insurance trust fund as fluctuations occur in the economy. TESIM is based on the economic forecasts of CBER's Tennessee Quarterly Economic Model (TQEM), which is used by several Tennessee state agencies for planning purposes. TQEM uses national data, economic assumptions, and forecasts from the University of Pennsylvania's Wharton School of Business. Thus, TESIM is produced in an unbiased environment using sound and recognized statistical techniques and modeling practices. This model has enabled the department to provide more accurate data to the Unemployment Insurance Advisory Council and to the legislature for informed decision making. By carefully monitoring the trust fund using TESIM, the state has been able to reduce premium rates for employers and increase benefits for unemployed workers while insuring the viability of the trust fund for bad economic times, like we are currently experiencing.

Since TESIM was developed, CBER has helped to train Employment Security Division staff to analyze and interpret the data. TESIM includes data from the Economic Report to the Governor, which also is produced at CBER. The Employment Security Research and Statistics Section has provided, over the years, a database to CBER for use in the TESIM model. Some of this database, which goes back over thirty years, could not easily be duplicated.

This department has utilized the expertise of CBER, especially Dr. William Fox, in the proper interpretation and use of the data from TESIM as well as using the TESIM model to analyze the financial impact of proposed Unemployment Insurance legislation.

# CONTRACT SUMMARY SHEET

RFS Number:	337.10-023	Contract Number:	ED-04-01177-02
State Agency:	Labor and Workforce Development	Division:	Employment Security
Contractor		Contractor Identification Number	
University of Tennessee, Center for Business and Economic Research		V-	626001636-01
		X C-	

## Service Description

The UT Center for Business & Economic Research provides TDLWD with the research and services necessary for the evaluation and maintenance of the Tennessee Employment Security Insurance Model (TESIM)

## Contract Begin Date

July 1, 2003

## Contract End Date

June 30, 2006

Allotment Code	Cost Center	Object Code	Fund	Grant	Grant Code	Subgrant Code
337.10	00052	083/830	11	X on STARS	210	050
FY	State Funds	Federal Funds	Interdepartmental Funds	Other Funding	Total Contract Amount include ALL amendments	
04		\$80,406.00			\$80,406.00	
05		\$84,857.00			\$84,857.00	
06		\$85,730.00			\$85,730.00	
					\$0.00	
					\$0.00	
					\$0.00	
Total:	\$0.00	\$250,993.00	\$0.00	\$0.00	\$250,993.00	

CFDA Number:		Check the box (below) ONLY if the answer is YES:
State Fiscal Contact		Is the Contractor a SUBRECIPIENT? (per OMB A-133)
Name:	Melvin O'Neal	Is the Contractor a VENDOR? (per OMB A-133)
Address:	8th Floor, Andrew Johnson Tower	Is the Fiscal Year Funding STRICTLY LIMITED?
Phone:	615 532-1071	Is the Contractor on STARS?
Procuring Agency Budget Officer Signature		Is the Contractor's FORM W-9 ATTACHED?
		Is the Contractors Form W-9 Filed with Accounts?

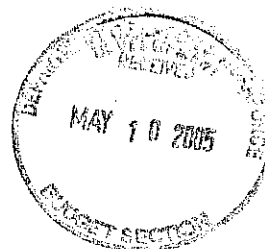
*Harold Shackelford*

## Funding Certification

Pursuant to T.C.A., Section 9-6-113, I, C. Warren Neel, Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.

## COMPLETE FOR ALL AMENDMENTS (only)

	Base Contract & Prior Amendments	This Amendment ONLY
End Date >	6/30/2005	6/30/2006
FY: 04	\$80,406.00	
FY: 05	\$84,857.00	
FY: 06		\$85,730.00
FY:		
FY:		
FY:		
Totals:	\$165,263.00	\$85,730.00



**AMENDMENT 2  
TO CONTRACT ED-02-00571-00**

This Grant, by and between the State of Tennessee, Department of Labor and Workforce Development, hereinafter referred to as the State, and The University of Tennessee, hereinafter referred to as the Grantee, is hereby amended as follows:

1. Delete Section B.1. in its entirety and insert the following in its place:

B.1. Grant Term. This Grant shall be effective for the period commencing on July 1, 2003 and ending on June 30, 2006. The State shall have no obligation for services rendered by the Grantee which are not performed within the specified period.

2. Delete Section B.2. in its entirety.

3. Delete Section C.1. in its entirety and insert the following in its place:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Grant exceed Two Hundred Fifty Thousand Nine Hundred Ninety Three Dollars (\$250,993.00). The Grant Budget, attached and incorporated herein as a part of this Grant as Attachment B 2, shall constitute the maximum amount due the Grantee for the service and all of the Grantee's obligations hereunder. The Grant Budget line items include, but are not limited to, all applicable taxes, fees, overhead, and all other direct and indirect costs incurred or to be incurred by the Grantee.

4. Delete Attachment B 1 in its entirety and insert the following in its Place:

Attachment B 2

5. Insert the following:

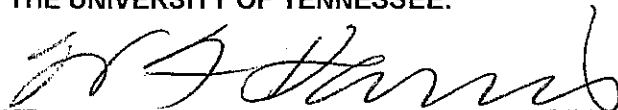
Attachment A 3

The other terms and conditions of this contract not amended hereby shall remain in full force and effect.

IN WITNESS WHEREOF:

IN WITNESS WHEREOF:

THE UNIVERSITY OF TENNESSEE:

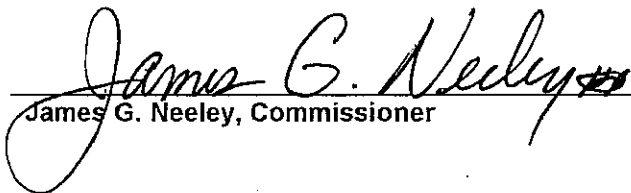


5/05/05

Date

DR. W. F. HARRIS  
Assoc. Vice Chancellor  
for Research

DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT:



James G. Neeley, Commissioner

5/10/05

Date

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

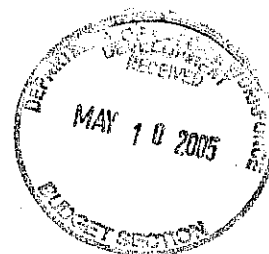
M. D. Goetz, Jr., Commissioner

Date

COMPTROLLER OF THE TREASURY:

John G. Morgan, Comptroller of the Treasury

Date





## ATTACHMENT B 2

### GRANT BUDGET

**GRANTEE:** The University of Tennessee, Knoxville

**PROGRAM AREA:** Tennessee Employment Insurance Model

Refer to Department of Finance and Administration Policy 03, Uniform Reporting Requirements and Cost Allocation Plans for Subrecipients of Federal and State Grant Monies, Appendix A for further definition of each expense object line-item in the model budget format. Policy 03 can be found on the Internet at: <http://www.state.tn.us/finance/rds/occr/policy03.pdf>

**THE FOLLOWING IS APPLICABLE TO EXPENSE INCURRED IN THE PERIOD: 07/01/03 through 06/30/06**


<b>POLICY 03 Object Line-Item Reference</b>	<b>EXPENSE OBJECT LINE-ITEM CATEGORY (detail schedule(s) attached as applicable)</b>	<b>GRANT CONTRACT</b>	<b>GRANTEE MATCH (participation)</b>	<b>TOTAL PROJECT</b>
1	Salaries	\$139,609.00	0.00	\$139,609.00
2	Benefits & Taxes	\$34,610.00	0.00	\$34,610.00
4,15	Professional Fee/ Grant Awards (details attached)	\$2,475.00	0.00	\$2,475.00
5	Supplies	\$23,981.00	0.00	\$23,981.0
6	Telephone	\$2,680.00	0.00	\$2,680.00
7	Postage & Shipping	\$100.00	0.00	\$100.00
8	Occupancy	0.00	0.00	0.00
9	Equipment Rental & Maintenance	0.00	0.00	0.00
10	Printing & Publications	\$7,700.00	0.00	\$7,700.00
11,12	Travel /Conferences & Meetings	\$1,600.00	0.00	\$1,600.00
13	Interest	0.00	0.00	0.00
14	Insurance	0.00	0.00	0.00
16	Specific Assistance to Individuals	0.00	0.00	0.00
17	Depreciation	0.00	0.00	0.00
18	Other Non-Personnel	0.00	0.00	0.00
20	Capital Purchase (details attached)	\$5,500.00	0.00	\$5,500.00
22	Indirect Cost (15%)	\$32,738.00	0.00	\$32,738.00
24	In-Kind Expense	0.00	0.00	0.00
25	<b>GRAND TOTAL</b>	<b>\$250,993.00</b>	<b>0.00</b>	<b>\$250,993.00</b>

<i>LINE-ITEM DETAIL FOR: Capital Purchase</i>	<i>AMOUNT</i>
<i>2 Personal Computers</i>	<i>\$3,300.00</i>
<i>Laptop</i>	<i>\$2,200.00</i>
<i>TOTAL</i>	<i>\$5,500.00</i>

<i>LINE-ITEM DETAIL FOR: (Professional Fee/Grant Awardss)</i>	<i>AMOUNT</i>
<i>Graduate Student Tuition</i>	<i>\$2,475.00</i>
<i>TOTAL</i>	<i>\$2,475.00</i>

## A Proposal to

DEVELOP THE TENNESSEE EMPLOYMENT SECURITY INSURANCE MODEL  
EVALUATION AND MAINTENANCE

<b>Submitted to:</b>	Tennessee Department of Labor and Workforce Development 500 James Robertson Parkway Andrew Johnson Tower, 8 <sup>th</sup> Floor Nashville, TN 37247
<b>Submitted by:</b>	The University of Tennessee Office of Research 1534 White Avenue Knoxville, TN 37996-1529 Phone: (865) 974-3466 FAX: (865) 974-2805
<b>Authorized Representative:</b>	
<b>Amount Requested:</b>	\$85,730
<b>Performance Period:</b>	July 1, 2005 – June 30, 2006
<b>Principal Investigator:</b>	 Dr. William F. Fox, Project Director Director, Center for Business & Economic Research College of Business Administration 804 Volunteer Blvd., Temple Court Bldg. Knoxville, TN 37996-4334 (865) 974-6112 billfox@utk.edu

## A PROPOSAL

### TO DEVELOP THE TENNESSEE EMPLOYMENT SECURITY INSURANCE MODEL EVALUATION AND MAINTENANCE

The Center for Business and Economic Research (CBER), The University of Tennessee, Knoxville has provided general support services to the Tennessee Department of Labor and Workforce Development for the past several years. Important aspects of this cooperative relationship have included training sessions for employees in the Research and Statistics (R&S) Section of the Division of Employment Security, counsel on economic trends, seasonal adjustment of Labor and Workforce Development data, and support of the Tennessee Employment Security Insurance Model (TESIM). This is a proposal to extend the cooperative relationship through fiscal year 2005-2006. The following describes some proposed aspects of this support.

CBER will continue to serve as consultant on a variety of issues related to economics, research, and statistics. As requested, CBER will seek to provide such consultations directly or arrange assistance as necessary from other faculty of The University of Tennessee, Knoxville, College of Business Administration. CBER will initiate discussions on topics of interest related to the R&S issues which are identified during staff research activities. Consultation on these issues will continue into fiscal 2006 under the current proposal. CBER also will continue to provide data resource services to R&S for Census and other public-access data as requested.

CBER will also continue to support and provide other enhancements to TESIM. This model has generally been an effective tool for forecasting components of the trust fund balance and simulating the effects of policy changes. For example, TESIM

accurately predicted that the Tennessee Unemployment Insurance trust fund would weather the recession of 1990-1991 with little cause for concern. As with all forecasting models, maintenance and reconceptualization of TESIM remains a continuous task because new information about the economy is gathered and skill is gained in using TESIM. The following paragraphs outline how CBER will continue to support R&S in the operation of TESIM.

CBER will assist R&S staff in preparing three regular forecasts during the 2005-2006 fiscal year and additional forecasts as needed. For each forecast, CBER will provide to R&S updated economic forecasts in a format appropriate for use in the TESIM model. CBER will provide computer routines as needed to upload and download data provided by CBER. Assistance will be provided in analyzing TESIM output and in making adjustments as necessary. CBER will also continue to assist R&S staff with all other aspects of the software used by TESIM.

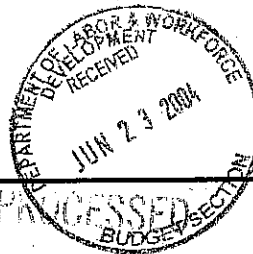
The equations which comprise TESIM will be reestimated by CBER, using the latest available national and state economic data. Structural relationships between TESIM variables will be monitored as shifts in underlying data are uncovered or as it becomes apparent that new conceptualization is necessary. CBER will also monitor the advances in computing technology and continue to update the interface between TESIM and R&S personnel operating the model. In particular, CBER will use the latest design software to ensure that upgrades in R&S computing technology are complemented with corresponding upgrades in TESIM user screens. CBER will also provide demonstrations and training, as necessary, to facilitate a seamless transition between model interfaces.

Statistical evaluation of the accuracy of the previous forecast will be undertaken, and an analysis will be made of significant variability from actual experience. Assistance will also be provided to help R&S staff incorporate judgment and institutional/ administrative knowledge into TESIM forecasts. In addition, CBER will assist R&S staff in utilizing the simulation capabilities of TESIM.

The project will be carried out under the direction of Dr. William F. Fox, Director, over the period of July 1, 2005 through June 30, 2006. The total project cost to the Department of Labor and Workforce Development is estimated at \$85,730.

# CONTRACT SUMMARY SHEET

RFS Number	337.10-023		Contract Number	ED-04-01177-01		
State Agency	Labor and Workforce Development		Division	Employment Security		
Contractor			Contractor Identification Number			
University of Tennessee, Center for Business and Economic Research			V-	626001636-01		
			X C-			
Service Description						
The UT Center for Business & Economic Research provides TDLWD with the research and services necessary for the evaluation and maintenance of the Tennessee Employment Security Insurance Model (TESIM)						
Contract Begin Date			Contract End Date			
July 1, 2003			June 30, 2005			
Allotment Code	Cost Center	Object Code	Fund	Grant	Grant Code	Subgrant Code
337.10	00052	083/830	11	X on STARS	210	050
FY	State Funds	Federal Funds	Interdepartmental Funds	Other Funding	Total Contract Amount (include ALL amendments)	
04		\$80,406.00			\$80,406.00	
05		\$84,857.00			\$84,857.00	
					\$0.00	
					\$0.00	
					\$0.00	
					\$0.00	
Total	\$0.00	\$165,263.00	\$0.00	\$0.00	\$165,263.00	
CFDA Number			Check the box (below) ONLY if the answer is YES			
State Fiscal Contact			Is the Contractor a SUBRECIPIENT? (per OMB A-133)			
Name	Melvin O'Neal		Is the Contractor a VENDOR? (per OMB A-133)			
Address	8th Floor, Andrew Johnson Tower		Is the Fiscal Year Funding STRICTLY LIMITED?			
Phone	615 532-1071		Is the Contractor on STARS?			
Procuring Agency Budget Officer Signature			Is the Contractor's FORM W-9 ATTACHED?			
<i>H. Neal Shackelford</i> COMPLETE FOR ALL AMENDMENTS (only)			Is the Contractor's Form W-9 Filed with Accounts?			
			X			
Funding Certification			Pursuant to T.C.A., Section 9-6-113, I, C. Warren Neel, Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.			
Base Contract & Prior Amendments			This Amendment ONLY			
End Date	6/30/2004		6/30/2005			
FY	04	\$80,406.00	MANAGEMENT SERVICES			
FY	05	\$84,857.00	COMPTROLLER'S OFFICE			
FY			2004 JUN 28 AM 11:53			
FY			RECEIVED			
FY						
FY						
Totals	\$80,406.00	\$84,857.00	DIRECTOR OF AC			



JUL 14 2004

 COMPTROLLER'S OFFICE  
 OFFICE OF  
 MANAGEMENT SERVICES

2004 JUN 15 AM 8:21

RECEIVED

**AMENDMENT 1  
TO GRANT NUMBER ED-04-01177-00**

This Grant, by and between the State of Tennessee, Department of Labor and Workforce Development, hereinafter referred to as the State, and The University of Tennessee, hereinafter referred to as the Grantee, is hereby amended as follows:

1. Delete Section C.1. in its entirety and insert the following in its place:  
  
C.1. Maximum Liability. In no event shall the maximum liability of the State under this Grant exceed one hundred sixty-five thousand two hundred sixty three dollars (\$165,263.00). The Grant Budget, attached and incorporated herein as a part of this Grant as Attachment B 1, shall constitute the maximum amount due the Grantee for the service and all of the Grantee's obligations hereunder. The Grant Budget line items include, but are not limited to, all applicable taxes, fees, overhead, and all other direct and indirect costs incurred or to be incurred by the Grantee.
2. Delete Attachment B in its entirety and insert the following in its place:  
  
Attachment B 1
3. Delete Section B.1. in its entirety and insert the following in its place:  
  
B.1. Grant Term. This Grant shall be effective for the period commencing on July 1, 2003 and ending on June 30, 2005. The State shall have no obligation for services rendered by the Grantee which are not performed within the specified period. *LB mth*
4. Delete Section B.2. in its entirety and insert the following in its place:  
  
B.2. Term Extension. The State reserves the right to extend this Grant Contract for an additional one (1) twelve (12) month periods of time and a total contract term of no more than five (5) years, provided that the State notifies the Grantee in writing of its intention to do so prior to the Grant Contract expiration date. An extension of the term of this Grant Contract will be effected through an amendment to the Grant Contract. If the extension of the Grant Contract necessitates additional funding beyond that which was included in the original Grant Contract, the increase in the State's maximum liability will also be effected through an amendment to the Grant Contract.
5. Add the following as Attachment A 2:  
  
Attachment A 2

The other terms and conditions of this Grant not amended hereby shall remain in full force and effect.



IN WITNESS WHEREOF:

THE UNIVERSITY OF TENNESSEE:

*Arlene A. Garrison*

5/25/04

~~Dr. Billie J. Collier, associate Vice President for Research~~ DateARLENE A. GARRISON, Ph.D.  
Assistant Vice President

DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT:

*James G. Neeley*

6/1/04

James G. Neeley, Commissioner

Date

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

*M. D. Goetz, Jr.**Goetz* *f/ks*

6/14/04

M. D. Goetz, Jr., Commissioner

Date

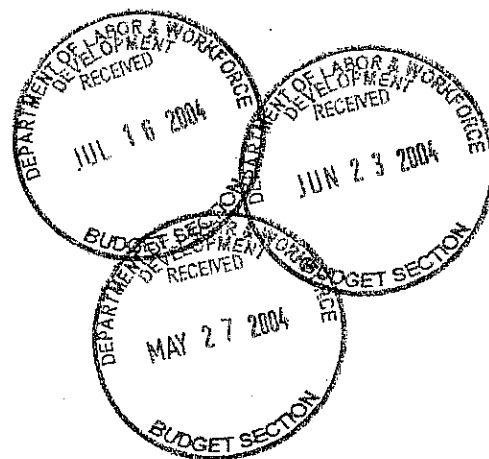
COMPTROLLER OF THE TREASURY:

*John G. Morgan*

6-28-04

John G. Morgan, Comptroller of the Treasury

Date



## ATTACHMENT B 1

## GRANT BUDGET

GRANTEE

University of Tennessee, Knoxville

PROGRAM AREA:

Tennessee Employment Insurance Model

Refer to Department of Finance and Administration Policy 03, Uniform Reporting Requirements and Cost Allocation Plans for Subrecipients of Federal and State Grant Monies, Appendix A for further definition of each expense object line-item in the model budget format. Policy 03 can be found on the Internet at: <http://www.state.tn.us/finance/rds/ocr/policy03.pdf>

THE FOLLOWING IS APPLICABLE TO EXPENSE INCURRED IN THE PERIOD: 07/01/03 through 06/30/05

POLICY 03 Object Line-Item Reference	EXPENSE OBJECT LINE-ITEM CATEGORY (detail schedule(s) attached as applicable)	GRANT CONTRACT	GRANTEE MATCH (participation)	TOTAL PROJECT
1	Salaries	\$94,965.00	\$0.00	\$94,965.00
2	Benefits & Taxes 24.59%	\$23,351.00	\$0.00	\$23,351.00
4, 15	Professional Fees / Grant Awards	0	\$0.00	\$0.00
5	Supplies	\$13,691.00	\$0.00	\$13,691.00
6	Telephone	\$2,000.00	\$0.00	\$2,000.00
7	Postage & Shipping	\$0.00	\$0.00	\$0.00
8	Occupancy	\$0.00	\$0.00	\$0.00
9	Equipment Rental & Maintenance	\$0.00	\$0.00	\$0.00
10	Printing & Publications	\$7,100.00	\$0.00	\$7,100.00
11, 12	Travel / Conferences & Meetings	\$1,000.00	\$0.00	\$1,000.00
13	Interest	\$0.00	\$0.00	\$0.00
14	Insurance	\$0.00	\$0.00	\$0.00
16	Specific Assistance to Individuals	\$0.00	\$0.00	\$0.00
17	Depreciation	\$0.00	\$0.00	\$0.00
18	Other Non-Personnel	\$0.00	\$0.00	\$0.00
20	Capital Purchase (detail attached)	\$1,600.00	\$0.00	\$1,600.00
22	Indirect Cost '0.15 \$ base 143,707	\$21,556.00	\$0.00	\$21,556.00
24	In-Kind Expense	\$0.00	\$0.00	\$0.00
25	GRAND TOTAL	\$165,263.00	\$0.00	\$165,263.00

## GRANT BUDGET DETAIL

LINE-ITEM DETAIL FOR: [CAPITAL PURCHASE]		AMOUNT
Personal computer		\$1,600.00
		\$0.00
TOTAL		\$1,600.00

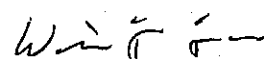
A PROPOSAL

TO DEVELOP THE TENNESSEE EMPLOYMENT SECURITY INSURANCE  
MODEL EVALUATION AND MAINTENANCE

Submitted to: Tennessee Dept of Labor and Workforce Development

Submitted by: The University of Tennessee  
Office of Research  
404 Andy Holt Tower  
Knoxville, TN 37996-0140

Authorized Representative: 

Project Directors:   
William F. Fox, Director  
Center for Business and Economic Research  
College of Business Administration  
(865) 974-6112

Performance Period: July 1, 2004 to June 30, 2005

Total Funds Requested: \$84,857

A PROPOSAL  
TO DEVELOP THE TENNESSEE EMPLOYMENT SECURITY INSURANCE  
MODEL EVALUATION AND MAINTENANCE

The Center for Business and Economic Research (CBER), The University of Tennessee, Knoxville has provided general support services to the Tennessee Department of Labor and Workforce Development for the past several years. Important aspects of this cooperative relationship have included training sessions for employees in the Research and Statistics (R&S) Section of the Division of Employment Security, counsel on economic trends, seasonal adjustment of Labor and Workforce Development data, and support of the Tennessee Employment Security Insurance Model (TESIM). This is a proposal to extend the cooperative relationship through fiscal year 2004-2005. The following describes some proposed aspects of this support.

CBER will continue to serve as consultant on a variety of issues related to economics, research, and statistics. As requested, CBER will seek to provide such consultations directly or arrange assistance as necessary from other faculty of The University of Tennessee, Knoxville, College of Business Administration. CBER will initiate discussions on topics of interest related to the R&S issues which are identified during staff research activities. Consultation on these issues will continue into fiscal 2003 under the current proposal. CBER also will continue to provide data resource services to R&S for Census and other public-access data as requested.

CBER will also continue to support and provide other enhancements to TESIM. This model has generally been an effective tool for forecasting components of the trust fund balance and simulating the effects of policy changes. For example, TESIM

accurately predicted that the Tennessee Unemployment Insurance trust fund would weather the recession of 1990-1991 with little cause for concern. As with all forecasting models, maintenance and reconceptualization of TESIM remains a continuous task because new information about the economy is gathered and skill is gained in using TESIM. The following paragraphs outline how CBER will continue to support R&S in the operation of TESIM.

CBER will assist R&S staff in preparing three regular forecasts during the 2004-2005 fiscal year and additional forecasts as needed. For each forecast, CBER will provide to R&S updated economic forecasts in a format appropriate for use in the TESIM model. CBER will provide computer routines as needed to upload and download data provided by CBER. Assistance will be provided in analyzing TESIM output and in making adjustments as necessary. CBER will also continue to assist R&S staff with all other aspects of the software used by TESIM.

The equations which comprise TESIM will be reestimated by CBER, using the latest available national and state economic data. Structural relationships between TESIM variables will be monitored as shifts in underlying data are uncovered or as it becomes apparent that new conceptualization is necessary. CBER will also monitor the advances in computing technology and continue to update the interface between TESIM and R&S personnel operating the model. In particular, CBER will use the latest design software to ensure that upgrades in R&S computing technology are complemented with corresponding upgrades in TESIM user screens. CBER will also provide demonstrations and training, as necessary, to facilitate a seamless transition between model interfaces.

Statistical evaluation of the accuracy of the previous forecast will be undertaken, and an analysis will be made of significant variability from actual experience. Assistance will also be provided to help R&S staff incorporate judgment and institutional/ administrative knowledge into TESIM forecasts. In addition, CBER will assist R&S staff in utilizing the simulation capabilities of TESIM.

The project will be carried out under the direction of Dr. William F. Fox, Director, over the period of July 1, 2004 through June 30, 2005. The total project cost to the Department of Labor and Workforce Development is estimated at \$84,857.

on list

# CONTRACT SUMMARY SHEET

RFS Number	337.10-023	Contract Number	ED-04-01177-00
State Agency	Labor and Workforce Development	Division	Employment Security
Contractor		Contractor Identification Number	
University of Tennessee, Center for Business and Economic Research		V-	626001636-01
		X C-	

**Service Description**  
The UT Center for Business & Economic Research provides TDLWD with the research and services necessary for the evaluation and maintenance of the Tennessee Employment Security Insurance Model (TESIM)

Contract Begin Date	Contract End Date
July 1, 2003	June 30, 2004

Allotment Code		Cost Center	Object Code	Fund	Grant	Grant Code	Subgrant Code
337.10		00052	083/830	11	X on STARS	210	050
TY	State Funds	Federal Funds	Interdepartmental Funds	Other Funding		Total Contract Amount include ALL amendments	
04		\$80,406.00				\$80,406.00	
						\$0.00	
						\$0.00	
						\$0.00	
						\$0.00	
						\$0.00	
Total	\$0.00	\$80,406.00	\$0.00	\$0.00		\$80,406.00	

CFDA Number	Check the box (below) ONLY if the answer is YES
State Fiscal Contact	Is the Contractor a SUBRECIPIENT? (per OMB A-133)
Name: Melvin O'Neal	Is the Contractor a VENDOR? (per OMB A-133)
Address: 8th Floor, Andrew Johnson Tower	Is the Fiscal Year Funding STRICTLY LIMITED?
Phone: 615 532-1071	Is the Contractor on STARS?
Procuring Agency Budget Officer Signature	Is the Contractor's FORM W-9 ATTACHED?
	Is the Contractor's Form W-9 filled with Accounts?

H. Wald Shadelford, mto

COMPLETE FOR ALL AMENDMENTS (only)		
	Base Contract & Prior Amendments	This Amendment ONLY
End Date		
BY		
BY		
BY		
BY		
BY		
BY		
Totals	\$0.00	\$0.00

Pursuant to T.C.A., Section 9-6-113, I, C. Warren Neel, Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.

6-9-2003

RECEIVED  
DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT  
MAY 06 2003

RECEIVED  
DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT  
MAY 07 2003

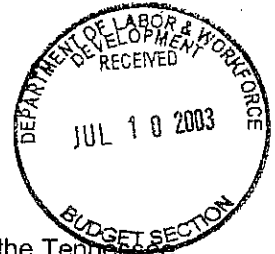
RECEIVED  
BUDGET SECTION  
JUL 10 2003



**GRANT AGREEMENT  
BETWEEN THE STATE OF TENNESSEE,  
DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT  
AND  
THE UNIVERSITY OF TENNESSEE**

This Grant, by and between the State of Tennessee, Department of Labor and Workforce Development, hereinafter referred to as the "State" and The University of Tennessee, hereinafter referred to as the "Grantee," is for the provision of evaluation and maintenance of the Tennessee Employment Security Insurance Model (TESIM), as further defined in the "SCOPE OF SERVICES."

The Grantee is a State of Tennessee institution of higher education.



**A. SCOPE OF SERVICES:**

**A.1. Grantee agrees:**

- a. To provide the research and services for the evaluation and maintenance of the Tennessee Employment Security Insurance Model (TESIM) as identified by the Grantee's Proposal as stated in Attachment A which is incorporated into this Grant by reference as fully as if it were set out verbatim herein.
- b. To complete, in total, all of its duties and obligations under this Grant as identified in the Grantee's Proposal and do so within the term of this Grant.
- c. All notices, informational pamphlets, press releases, research reports, signs and similar public notices prepared and released by the Grantee shall include the statement, "This project is funded (in part) under an agreement with the Tennessee Department of Labor and Workforce Development, Employment Security Division."
- d. The State will designate, in writing, an individual whose responsibility will be to represent Employment Security Division as Project Manager for this Contract.

**B. GRANT TERM:**

- B.1. Grant Term. This Grant shall be effective for the period commencing on July 1, 2003 and ending on June 30, 2004. The State shall have no obligation for services rendered by the Grantee which are not performed within the specified period.
- B.2. Term Extension. The State reserves the right to extend this Grant Contract for an additional two (2) twelve (12) month periods of time representing increments of no more than one year and a total contract term of no more than five (5) years, provided that the State notifies the Grantee in writing of its intention to do so prior to the Grant Contract expiration date. An extension of the term of this Grant Contract will be effected through an amendment to the Grant Contract. If the extension of the Grant Contract necessitates additional funding beyond that which was included in the original Grant Contract, the increase in the State's maximum liability will also be effected through an amendment to the Grant Contract.

**C. PAYMENT TERMS AND CONDITIONS:**

- C.1. Maximum Liability. In no event shall the maximum liability of the State under this Grant exceed Eighty Thousand Four Hundred Six Dollars (\$80,406.00). The Grant Budget, attached and incorporated herein as a part of this Grant as Attachment B, shall constitute the maximum amount due the Grantee for the service and all of the Grantee's obligations hereunder. The Grant Budget

line items include, but are not limited to, all applicable taxes, fees, overhead, and all other direct and indirect costs incurred or to be incurred by the Grantee.

- C.2. Compensation Firm. The maximum liability of the State is not subject to escalation for any reason unless amended. The grant budget amounts are firm for the duration of the grant contract and are not subject to escalation for any reason unless amended, except as provided in Section C.5.
- C.3. Payment Methodology. The Grantee shall be compensated for actual, reasonable, and necessary costs based upon the grant budget, not to exceed the maximum liability established in Section C.1. Upon progress toward the completion of the work, as described in Section A of this Grant Contract, the Grantee shall submit invoices, in form and substance acceptable to the State, with all of the necessary supporting documentation, prior to any reimbursement of allowable costs. Such invoices shall be submitted no more often than monthly and indicate at a minimum the amount charged by budget line-item for the period invoiced, the amount charged by line-item to date, the total amount charged for the period invoiced, and the total amount charged under this grant contract to date.
- C.4. Travel Compensation. Reimbursement to the Grantee for travel, meals, or lodging shall be subject to amounts and limitations specified in the "State Comprehensive Travel Regulations," as they are amended from time to time and subject to the Grant Budget.
- C.5. Budget Line-items. Expenditures, reimbursements, and payments under this grant contract shall adhere to the grant budget. The Grantee may request revisions of grant budget line-items by letter, giving full details supporting such request, provided that such revisions do not increase the total grant budget amount. Grant budget line-item revisions may not be made without prior, written approval of the State in which the terms of the approved revisions are explicitly set forth. Any increase in the total grant budget amount shall require a grant contract amendment.
- C.6. Disbursement Reconciliation and Close Out. The Grantee shall submit a final grant disbursement reconciliation report within ninety (90) days of the end of the Grant Contract. Said report shall be in form and substance acceptable to the State. The State will not be responsible for the payment of invoices that are submitted to the state after the final grant disbursement reconciliation report.

If total disbursements by the State pursuant to this grant contract exceed the amounts permitted by the Section C, Payment Terms and Conditions of this Grant Contract, the Grantee shall refund the difference to the State. The Grantee shall submit said refund with the final grant disbursement reconciliation report.

The Grantee must close out its accounting records at the end of the grant period in such a way that reimbursable expenditures and revenue collections are NOT carried forward.

- C.7. Indirect Cost. Should the Grantee request reimbursement for indirect cost, the Grantee must submit to the State a copy of the indirect cost rate approved by the cognizant federal agency and the State. The Grantee will be reimbursed for indirect cost in accordance with the approved indirect cost rate to amounts and limitations specified in the attached grant budget. Once the Grantee makes an election and treats a given cost as direct or indirect, it must apply that treatment consistently and may not change during the grant period. Any changes in the approved indirect cost rate must have prior approval of the cognizant federal agency and the State. If the indirect cost rate is provisional during the term of this agreement, once the rate becomes final, the Grantee agrees to remit any overpayment of funds to the State, and subject to the availability of funds the State agrees to remit any underpayment to the Grantee.
- C.8. Cost Allocation. If any part of the costs to be reimbursed under this grant contract are joint costs involving allocation to more than one program or activity, such costs shall be allocated and reported in accordance with the provisions of Department of Finance and Administration Policy

Statement 03 or any amendments or revisions made to this policy statement during the grant contract period.

- C.9. Payment of Invoice. The payment of the invoice by the State shall not prejudice the State's right to object to or question any invoice or matter in relation thereto. Such payment by the State shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the costs invoiced therein.
- C.10. Unallowable Costs. The Grantee's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by the State, on the basis of audits or monitoring conducted in accordance with the terms of this Grant, not to constitute allowable costs.
- C.11. Deductions. Pursuant to **Tennessee Code Annotated**, Section 9-4-604, the State is not to issue warrants for payments to persons who are in default to the State until such arrearages are paid. If applicable to the Grantee, the Grantee agrees that, should such an arrearage exist during the term of this Grant, the State shall have the right to deduct from payments due and owing to the Grantee any and all amounts as are necessary to satisfy the arrearage.

Should a dispute arise concerning payments due and owing to the Grantee under this Grant, the State reserves the right to withhold said disputed amounts pending final resolution of the dispute.

D. STANDARD TERMS AND CONDITIONS:

- D.1. Required Approvals. The State is not bound by this Grant until it is approved by the appropriate State officials in accordance with applicable Tennessee State laws and regulations.
- D.2. Modification and Amendment. This Grant may be modified only by a written amendment executed by all parties hereto and approved by the appropriate Tennessee State officials in accordance with applicable Tennessee State laws and regulations.
- D.3. Termination for Convenience. The Grant Contract may be terminated by either party by giving written notice to the other, at least ninety (90) days before the effective date of termination. Should either party exercise this provision, the Grantee shall be entitled to compensation for authorized expenditures and satisfactory services completed as of the termination date, but in no event shall the State be liable to the Grantee for compensation for any service which has not been rendered. The final decision as to the amount, for which the State is liable, shall be determined by the State. In the event of disagreement, the Grantee may file a claim with the Tennessee Claims Commission in order to seek redress.
- D.4. Termination for Cause. If the Grantee fails to properly perform its obligations under this Grant in a timely or proper manner, or if the Grantee violates any terms of this Grant, the State shall have the right to immediately terminate the Grant and withhold payments in excess of fair compensation for completed services. Any liability of the Grantee to the State and third parties for any claims, losses, or costs arising out of or related to acts performed by the Grantee under this agreement shall be governed by the Tennessee Claims Commission Act, **Tennessee Code Annotated**, Section 9-8-301, *et seq.*
- D.5. Subcontracting. The Grantee shall not assign this Grant or enter into a subcontract for any of the services performed under this Grant without obtaining the prior written approval of the State. If such subcontracts are approved by the State, they shall contain, at a minimum, sections of this Grant pertaining to Lobbying, Nondiscrimination, Public Accountability, and Public Notice (Sections D.6, D.7, D.8 and D.9). Notwithstanding any use of approved subcontractors, the Grantee shall be the prime contractor and shall be responsible for all work performed.
- D.6. Lobbying. The Grantee certifies, to the best of its knowledge and belief, that:

- a. No federally appropriated funds have been paid or will be paid, by or on behalf of the Grantee, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, and entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
  - b. If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this grant, loan, or cooperative agreement, the Grantee shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
  - c. The Grantee shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including sub-grants, subcontracts, and contracts under grants, loans, and cooperative agreements) and that all sub-recipients of federally appropriated funds shall certify and disclose accordingly.
- D.7. Nondiscrimination. The Grantee hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Grant or in the employment practices of the Grantee on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. The Grantee shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.
- D.8. Public Accountability. If this Grant involves the provision of services to citizens by the Grantee on behalf of the State, the Grantee agrees to establish a system through which recipients of services may present grievances about the operation of the service program, and the Grantee agrees to display a sign stating:
- "NOTICE: This Grantee is a recipient of taxpayer funding. If you observe an employee engaging in any activity which you consider to be illegal or improper, please call the State Comptroller's toll free hotline: 1-800-232-5454"
- Said sign shall be displayed in a prominent place, located near the passageway(s) through which the public enters in order to receive Grant supported services.
- D.9. Public Notice. All notices, informational pamphlets, press releases, research reports, signs, and similar public notices prepared and released by the Grantee shall include the statement, "This project is funded under an agreement with Department of Labor and Workforce Development." Any such notices by the Grantee shall be approved by the State.
- D.10. Licensure. The Grantee and its employees and all sub-grantees shall be licensed pursuant to all applicable federal, state, and local laws, ordinances, rules, and regulations and shall upon request provide proof of all licenses.
- D.11. Records. The Grantee shall maintain documentation for all charges against the State under this Grant. The books, records, and documents of the Grantee, insofar as they relate to work performed or money received under this Grant, shall be maintained for a period of three (3) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the state agency, the Comptroller of the Treasury, or their duly appointed representatives. The records shall be maintained in accordance with the *Accounting Manual for the Recipients of Grant Funds in the State of Tennessee*, published by the Tennessee

Comptroller of the Treasury. The financial statements shall be prepared in accordance with generally accepted accounting principles.

- D.12. Monitoring. The Grantee's activities conducted and records maintained pursuant to this Grant shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.
- D.13. Progress Reports. The Grantee shall submit brief, periodic, progress reports to the State as requested.
- D.14. Procurement. If the other terms of this Grant allow reimbursement for the cost of goods, materials, supplies, equipment, or services, such procurement shall be made on a competitive basis, including the use of competitive bidding procedures, where practical. Further, if such reimbursement is to be made with funds derived wholly or partially from federal sources, the determination of cost shall be governed by and reimbursement shall be subject to the Grantee's compliance with applicable federal procurement requirements.

The Grantee shall obtain prior approval from the State before purchasing any equipment under this Grant.

- D.15. Strict Performance. Failure by any party to this Grant to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this agreement shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Grant shall be held to be waived, modified, or deleted except by a written amendment signed by the parties hereto.
- D.16. Independent Contractor. The parties hereto, in the performance of this Grant, shall not act as agents, employees, partners, joint venturers, or associates of one another. It is expressly acknowledged by the parties hereto that such parties are independent contracting entities and that nothing in this Grant shall be construed to create a principal/agent relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services.
- D.17. State Liability. The State shall have no liability except as specifically provided in this Grant.
- D.18. Force Majeure. The obligations of the parties to this Grant are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, acts of God, riots, wars, strikes, epidemics or any other similar cause.
- D.19. State and Federal Compliance. The Grantee shall comply with all applicable state and federal laws and regulations in the performance of this Grant.
- D.20. Governing Law. This Grant shall be governed by and construed in accordance with the laws of the State of Tennessee. The Grantee agrees that it will be subject to the exclusive jurisdiction of the courts of the State of Tennessee in actions that may arise under this Grant. The Grantee acknowledges and agrees that any rights or claims against the State of Tennessee or its employees hereunder, and any remedies arising therefrom, shall be subject to and limited to those rights and remedies, if any, available under **Tennessee Code Annotated**, Sections 9-8-101 through 9-8-407.
- D.21. Completeness. This Grant is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Grant supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.

D.22. Severability. If any terms and conditions of this Grant are held to be invalid or unenforceable as a matter of law, the other terms and conditions hereof shall not be affected thereby and shall remain in full force and effect. To this end, the terms and conditions of this Grant are declared severable.

D.23. Headings. Section headings are for reference purposes only and shall not be construed as part of this Grant.

E. SPECIAL TERMS AND CONDITIONS:

E.1. Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Grant, these special terms and conditions shall control.

E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Grant shall be in writing and shall be made by facsimile transmission, by overnight courier service, or by first class mail, postage prepaid, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

The State:

Melvin O'Neal, Accounting Manager  
Department of Labor and Workforce Development  
Andrew Johnson Tower, 8<sup>th</sup> Floor  
710 James Robertson Parkway  
Nashville, Tennessee 37243-0655  
Telephone Number 615 532-1071  
Facsimile Number 615 741-3002

The Grantee:

Technical Contact:

Joan Snoderly, Research Associate  
The University of Tennessee  
College of Business Administration  
Center for Business and Economic Research  
404 Andy Holt Tower  
Knoxville, TN 37996-0140  
Phone 865 974-5441  
Fax 865 974-3100

Administrative Contact:

Bob Cargile, Coordinator  
The University of Tennessee  
404 Andy Holt Tower  
Knoxville, TN 37996-0140  
Phone 865 974-4808  
Fax 865 974-2805

All instructions, notices, consents, demands, or other communications shall be considered effectively given as of the day of delivery; as of the date specified for overnight courier service delivery; as of three (3) business days after the date of mailing; or on the day the facsimile transmission is received mechanically by the telefax machine at the receiving location and receipt is confirmed telephonically by the sender if prior to 4:30 p.m. CST. Any communication by facsimile transmission shall also be sent by United States mail on the same date of the facsimile transmission.

E.3. Subject to Funds Availability. The Grant is subject to the appropriation and availability of State and/or Federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate the Grant upon written notice to the Grantee. Said termination shall not be deemed a breach of contract by the State. Upon receipt of the written notice, the Grantee shall cease all work associated with the Grant. Should such an event occur, the Grantee shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Upon such termination, the Grantee shall have no right to

recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

- E.4. Printing Authorization. The Grantee agrees that no publication coming within the jurisdiction of ***Tennessee Code Annotated***, Section 12-7-101, *et seq.*, shall be printed unless a printing authorization number has been obtained and affixed as required by ***Tennessee Code Annotated***, Section 12-7-103 (d).
- E.5. Equipment Acquisition. This Grant does not involve the acquisition and disposition of equipment acquired with funds provided under this Grant.
- E.6. Workpapers Subject to Review. The Grantee shall make all audit, accounting, or financial analysis workpapers, notes, and other documents available for review by the Comptroller of the Treasury or his representatives, upon request, during normal working hours either while the analysis is in progress or subsequent to the completion of this Grant.
- E.7. Confidentiality of Records. Strict standards of confidentiality of records shall be maintained in accordance with the law. All material and information, regardless of form, medium or method of communication, provided to the Grantee by the State or acquired by the Grantee on behalf of the State shall be regarded as confidential information in accordance with the provisions of State law and ethical standards and shall not be disclosed, and all necessary steps shall be taken by the Grantee to safeguard the confidentiality of such material or information in conformance with State law and ethical standards.

The Grantee will be deemed to have satisfied its obligations under this section by exercising the same level of care to preserve the confidentiality of the State's information as the Grantee exercises to protect its own confidential information so long as such standard of care does not violate the applicable provisions of the first paragraph of this section.

The Grantee's obligations under this section do not apply to information in the public domain; entering the public domain but not from a breach by the Grantee of this Grant; previously possessed by the Grantee without written obligations to the State to protect it; acquired by the Grantee without written restrictions against disclosure from a third party which, to the Grantee's knowledge, is free to disclose the information; independently developed by the Grantee without the use of the State's information; or, disclosed by the State to others without restrictions against disclosure.

It is expressly understood and agreed the obligations set forth in this section shall survive the termination of this Grant.

- E.8. Debarment and Suspension. The Grantee certifies, to the best of its knowledge and belief, that it and its principles:
  - a. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal or State department or agency;
  - b. have not within a three (3) year period preceding this Grant been convicted of, or had a civil judgment rendered against them from commission of fraud, or a criminal offence in connection with obtaining attempting to obtain, or performing a public (Federal, State, or Local) transaction or grant under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;

- c. are not presently indicted for or otherwise criminally or civilly charged by a government entity (Federal, State, or Local) with commission of any of the offenses detailed in section b. of this certification; and
- d. have not within a three (3) year period preceding this Grant had one or more public transactions (Federal, State, or Local) terminated for cause or default.



IN WITNESS WHEREOF:

THE UNIVERSITY OF TENNESSEE:

Billie J. Collier 6/16/03  
Dr. Billie J. Collier, Associate Vice President for Research Date

DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT:

James G. Neeley 6/24/03  
James G. Neeley, Commissioner Date

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

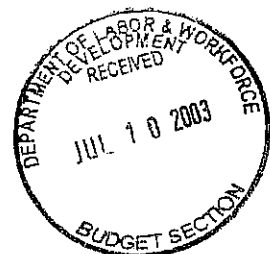
M. D. Goetz, Jr. 6/26/03  
M. D. Goetz, Jr., Commissioner Date

DEPARTMENT OF PERSONNEL:

N/A  
Randy C. Camp, Commissioner Date

COMPTROLLER OF THE TREASURY:

John G. Morgan 6/30/03  
John G. Morgan, Comptroller of the Treasury Date



A PROPOSAL

TO DEVELOP THE TENNESSEE EMPLOYMENT SECURITY INSURANCE  
MODEL EVALUATION AND MAINTENANCE

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The equations which comprise TESIM will be reestimated by CBER, using the latest available national and state economic data. Structural relationships between TESIM variables will be monitored as shifts in underlying data are uncovered or as it becomes apparent that new conceptualization is necessary. CBER will also monitor the advances in computing technology and continue to update the interface between TESIM and R&S personnel operating the model. In particular, CBER will use the latest design software to ensure that upgrades in R&S computing technology are complemented with corresponding upgrades in TESIM user screens. CBER will also provide demonstrations and training, as necessary, to facilitate a seamless transition between model interfaces.

Statistical evaluation of the accuracy of the previous forecast will be undertaken, and an analysis will be made of significant variability from actual experience. Assistance will also be provided to help R&S staff incorporate judgment and institutional/ administrative knowledge into TESIM forecasts. In addition, CBER will assist R&S staff in utilizing the simulation capabilities of TESIM.

The project will be carried out under the direction of Dr. William F. Fox, Director, over the period of July 1, 2003 through June 30, 2004. The total project cost to the Department of Labor and Workforce Development is estimated at \$80,406.

## ATTACHMENT B

## BUDGET

GRANTEE: University of Tennessee, Knoxville

PROGRAM AREA: Tennessee Employment Security Insurance Model

Refer to Department of Finance and Administration Policy 03, Uniform Reporting Requirements and Cost Allocation Plans for Subrecipients of Federal and State Grant Monies, Appendix A for further definition of each expense object line-item in the model budget format. Policy 03 can be found on the Internet at: <http://www.state.tn.us/finance/rds/ocr/policy03.pdf>

THE FOLLOWING IS APPLICABLE TO EXPENSE INCURRED IN THE PERIOD: 07/01/03 through 06/30/04

POLICY 03 Object Line-item Reference	EXPENSE OBJECT LINE-ITEM CATEGORY (detail schedule(s) attached as applicable)	GRANT CONTRACT	GRANTEE MATCH (participation)	TOTAL PROJECT
1	Salaries	45,961.00	0.00	45,961.00
2	Benefits & Taxes	11,266.00	0.00	11,266.00
4, 15	Professional Fee/ Grant & Award	0.00	0.00	0.00
5	Supplies (details attached)	3991.00	0.00	3991.00
6	Telephone	1,000.00	0.00	1,000.00
7	Postage & Shipping	0.00	0.00	0.00
8	Occupancy	0.00	0.00	0.00
9	Equipment Rental & Maintenance	0.00	0.00	0.00
10	Printing & Publications	7,100.00	0.00	7,100.00
11, 12	Travel/ Conferences & Meetings	600.00	0.00	600.00
13	Interest	0.00	0.00	0.00
14	Insurance	0.00	0.00	0.00
16	Specific Assistance To Individuals	0.00	0.00	0.00
17	Depreciation	0.00	0.00	0.00
18	Other Non-Personnel	0.00	0.00	0.00
20	Capital Purchase (details attached)	0.00	0.00	0.00
22	Indirect Cost (15%) Base \$69,918.00	10,488.00	0.00	10488.00
24	In-Kind Expense	0.00	0.00	0.00
25	GRAND TOTAL	80,406.00	0.00	80,406.00

LINE-ITEM DETAIL FOR: (SUPPLIES)	AMOUNT
Modeling Software	2,100.00
General office supplies	291.00
Personal Computer	1600.00
<b>TOTAL</b>	<b>3991.00</b>